

DEFENDANT'S
EXHIBIT

II

MEORANDUM

To: Estate of Michael Connelly File
From: Kevin P. Summers
Date: December 9, 2009
Re: Purpose of Life Insurance

I spoke with Tom Connelly today to discuss the purpose behind Crown C Supply purchasing life insurance on the lives of the two shareholders. Tom stated that the only purpose for the company to purchase the life insurance was so that the company would have the funds necessary in the event one of the brothers passed away because the company was required to purchase the shares. Tom stated that the company was required to use the life insurance proceeds to purchase the shares from the estate. Tom mentioned a Missouri lawsuit (he did not remember the name) that had occurred in which a company had purchased life insurance on the life of one of its shareholders but did not use the life insurance proceeds to purchase the dead shareholder's stock and a lawsuit was filed by the estate against the company. Tom and his brother did not want that to happen with Crown C Supply, so they made it mandatory within the stock purchase agreement that the company had to use the life insurance proceeds to purchase the shares from the estate. Tom said that the life insurance proceeds would give the company the funds necessary to purchase the shares. Tom and his brother did not want to have a situation where the company had to sell off assets or take out additional debt to pay for the shares which could impact the company going forward or even result in the company going out of business.

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